SENATE BILL 534

F1, F3 (4lr1039)

ENROLLED BILL

— Budget and Taxation/Ways and Means and Appropriations —

Introduced by **Senators Edwards ~~and Hershey~~, Hershey, Brinkley, Getty, and Kittleman**

Read and Examined by Proofreaders:

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Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____M.

_____

President.

CHAPTER _____

AN ACT concerning

Education – State Grant to Counties With ~~Small and Declining Student Enrollment~~ ~~Declining State Aid~~ *Small and Declining Student Enrollment*

FOR the purpose of *establishing eligibility for a county board of education to receive a certain State grant;* ~~establishing eligibility for a county board of education to receive a certain State grant;~~ requiring a certain grant to be provided to ~~eligible certain~~ *eligible* county boards in certain fiscal years ~~under certain circumstances~~; declaring the intent of the General Assembly; requiring the Governor to transfer certain funds for a certain fiscal year to eligible counties in a certain year under certain circumstances; requiring certain funds to be provided in a certain fiscal year if certain funds are not transferred; altering the requirements for a certain adequacy study; and generally relating to State education aid.

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW**.

[Brackets**]** indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.

BY repealing and reenacting, with amendments,
Article – Education
Section 5–202(i)
Annotated Code of Maryland
(2008 Replacement Volume and 2013 Supplement)

Preamble

WHEREAS, The Maryland State Department of Education is required by Chapter 288 of the Acts of the General Assembly of 2002, as amended by Chapter 397 of the Acts of the General Assembly of 2011, to contract with a public or private entity to conduct a study of the adequacy of education funding in the State by June 30, 2014; ~~and~~ ~~now, therefore,~~ *and*

WHEREAS, Small school districts in which enrollment is declining are in a unique situation that is not addressed in the current State education funding calculations; and

WHEREAS, Although the adequacy study provides an opportunity to study the effect on State education funding resulting from declining enrollments in small school districts, the study will not be completed until December 1, 2016, and any changes to the State education funding calculations resulting from the study will not be effective until fiscal year 2018; now, therefore,

~~WHEREAS, Small school districts in which enrollment is declining are in a unique situation that is not addressed in the current State education funding calculations; and~~

~~WHEREAS, Although the adequacy study provides an opportunity to study the effect on State education funding resulting from declining enrollments in small school districts, the study will not be completed until December 1, 2016, and any changes to the State education funding calculations resulting from the study will not be effective until fiscal year 2018; now, therefore,~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Education

5–202.

(i) (1) In this subsection, "total direct education aid" means the total financial assistance provided by the State to a county board under the following programs:

(i) Funding for the foundation program including funds for the Geographic Cost of Education under this section;

(ii) Transportation aid under § 5–205 of this subtitle;

(iii) Funding for compensatory education under § 5–207 of this subtitle;

(iv) Funding for students with limited English proficiency under § 5–208 of this subtitle;

(v) Funding for special education students under § 5–209 of this subtitle;

(vi) Funding for the guaranteed tax base program under § 5–210 of this subtitle; and

(vii) Funding for grants provided under this subsection.

(2) For fiscal year 2012 only, if a county board's total direct education aid in the current fiscal year is less than the prior fiscal year by more than 6.5%, then the State shall provide a grant to the county board in an amount necessary to ensure that a decrease in total direct education aid is not more than 6.5%.

(3) For fiscal year 2013 only, if a county board's total direct education aid in the current fiscal year is less than the prior fiscal year by more than 5%, then the State shall provide a grant to the county board in an amount necessary to ensure that a decrease in total direct education aid is not more than 5%.

(4) For fiscal year 2014 only, if a county board's total direct education aid in the current fiscal year is less than the prior fiscal year by more than 1%, then the State shall provide a grant to the county board equal to 25% of the decrease in total direct education aid from the prior fiscal year to the current fiscal year.

~~(5) (I) FOR FISCAL YEARS 2015 THROUGH 2017, A COUNTY BOARD IS ELIGIBLE FOR A STATE GRANT UNDER THIS PARAGRAPH, IF A COUNTY BOARD'S:~~

~~1. FULL–TIME EQUIVALENT ENROLLMENT IS LESS THAN 5,000;~~

~~2. FULL–TIME EQUIVALENT ENROLLMENT IN THE CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR; AND~~

~~3. TOTAL DIRECT EDUCATION AID IN THE CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR BY MORE THAN 1%.~~

~~(II) THE STATE SHALL PROVIDE A GRANT TO A COUNTY BOARD THAT IS ELIGIBLE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.~~

~~(III) THE GRANT SHALL BE EQUAL TO 50% OF THE DECREASE IN TOTAL DIRECT EDUCATION AID FROM THE PRIOR FISCAL YEAR TO THE CURRENT FISCAL YEAR.~~

~~(5) FOR FISCAL YEARS 2015 THROUGH 2017, IF A COUNTY BOARD'S TOTAL DIRECT EDUCATION AID IN THE CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR, THEN THE STATE SHALL PROVIDE A GRANT TO THE COUNTY BOARD EQUAL TO 50% OF THE DECREASE IN TOTAL DIRECT EDUCATION AID FROM THE PRIOR FISCAL YEAR TO THE CURRENT FISCAL YEAR.~~

(5) (I) FOR FISCAL YEARS 2015 THROUGH 2017, A COUNTY BOARD IS ELIGIBLE FOR A STATE GRANT UNDER THIS PARAGRAPH IF A COUNTY BOARD'S:

1. FULL–TIME EQUIVALENT ENROLLMENT IS LESS THAN 5,000;

2. FULL–TIME EQUIVALENT ENROLLMENT IN THE CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR; AND

3. TOTAL DIRECT EDUCATION AID IN THE CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR BY MORE THAN 1%.

(II) THE STATE SHALL PROVIDE A GRANT TO A COUNTY BOARD THAT IS ELIGIBLE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

(III) THE GRANT SHALL BE EQUAL TO 50% OF THE DECREASE IN TOTAL DIRECT EDUCATION AID FROM THE PRIOR FISCAL YEAR TO THE CURRENT FISCAL YEAR.

SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the Governor transfer funds to a county board of education for fiscal year 2015 in accordance with this Act if funds are restricted for this purpose in the 2015 budget bill (S.B. 170/H.B. 160) (Chapter ____, Acts of the General Assembly of 2014). If funds are restricted in the budget bill and the Governor does not transfer the fiscal 2015 funds in accordance with this Act, then that amount shall be provided to the county board in fiscal year 2016. If a county board also qualifies for a grant for fiscal 2016 under this Act, then the total grant owed to a county board in fiscal 2016 shall be equal to the fiscal 2016 amount calculated under this Act plus the fiscal 2015 amount calculated under this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the impact of declining enrollment on small school districts be reviewed as part of the adequacy study originally required by Chapter 288, Acts of the General Assembly of 2002. The review shall include an evaluation of the transportation costs in a school district that is geographically large but with small enrollment as well as an evaluation of incorporating a small–size factor into the calculation of State education aid. Further, the adequacy study shall also include a review of the definition of wealth as it is applied to the calculation of State education aid with a focus on geographically large counties with small populations that have a greater proportion of their wealth in property assessments than other Maryland counties.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2014.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.